

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOHN W. PARSONS, ESQ., *Executive Director*

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES M. MACHADO | ROBERT B. MCCARTHY | JENNIFER F. SULLIVAN

MEMORANDUM

TO: Essex Regional Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule and Revised Appropriation for Fiscal Year 2020

DATE: February 13, 2019

Revised Appropriation for FY20: **\$36,146,152**

This Commission is hereby furnishing you with the revised amount to be appropriated by your retirement system for Fiscal Year 2020, which commences July 1, 2019.

This amount revises the figure shown in our November 21, 2018 memorandum based on a revised schedule recently adopted by the Board (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY19 (since the amount under the prior schedule was maintained in FY19) and is acceptable under Chapter 32.

The amount above assumes appropriations will be made July 1. Some units make the appropriation in equal installments on July 1 and January 1. The allocation shows the figures for each unit on both bases. In addition to the amount shown in the current funding schedule, the appropriation includes the additional special appropriation for the Manchester-Essex Regional School District and the Rowley Housing Authority. We have included these additional amounts in the Additional Appropriation for CRAB column on the enclosed breakout by unit.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666 - 4446, extension 921.

JWP/jrl

Enclosures

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**REVISED FUNDING SCHEDULE - FISCAL 2020 AND 2021 APPROPRIATIONS EXCLUDING THE ERI PAYMENTS
INCREASE BY 7.41% AND FISCAL 2022 AND FISCAL 2023 APPROPRIATIONS INCLUDING THE ERI PAYMENTS
INCREASE BY 7.41%**

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of ERI (2002) Liability	(4) Amortization of ERI (2003) Liability	(5) Amortization of Remaining Liability	(6) Total Amortization of UAAL: (3)+(4)+(5)	(7) Net 3(8)(C) Payments	(8) Total Plan Cost: (2) + (6) + (7)	(9) Total UAL	(10) Increase Over Prior Appropriation
2019	\$7,154,007	\$338,792	\$197,079	\$25,018,609	\$25,554,480	\$1,254,783	\$33,963,270	\$407,988,220	--
2020	7,380,888	8,943	197,437	27,268,698	27,475,078	1,254,783	36,110,749	408,291,906	6.32%
2021	7,614,882	9,345	8,679	29,695,218	29,713,242	1,254,783	38,582,907	407,302,350	6.85%
2022	7,856,214	9,765	9,069	32,312,070	32,330,904	1,254,783	41,441,900	398,881,763	7.41%
2023	8,105,108	10,205	9,477	35,133,172	35,152,854	1,254,783	44,512,745	387,116,784	7.41%
2024	8,361,801	10,664	9,904	37,570,380	37,590,948	1,254,783	47,207,532	378,361,225	6.05%
2025	8,626,535	11,144	10,349	39,073,195	39,094,688	1,254,783	48,976,006	366,328,048	3.75%
2026	8,899,560	11,646	10,815	40,636,123	40,658,584	1,254,783	50,812,927	351,775,861	3.75%
2027	9,181,131	12,170	11,302	42,261,568	42,285,040	1,254,783	52,720,954	334,451,073	3.76%
2028	9,471,516	12,717	11,810	43,952,031	43,976,558	1,254,783	54,702,857	314,078,486	3.76%
2029	9,770,987	0	0	45,710,112	45,710,112	1,254,783	56,735,882	290,359,573	3.72%
2030	10,079,827	0	0	47,538,516	47,538,516	1,254,783	58,873,126	262,998,170	3.77%
2031	10,398,325	0	0	49,440,057	49,440,057	1,254,783	61,093,165	231,619,128	3.77%
2032	10,726,781	0	0	51,417,659	51,417,659	1,254,783	63,399,223	195,842,501	3.77%
2033	11,065,504	0	0	53,474,366	53,474,366	1,254,783	65,794,653	155,256,704	3.78%
2034	11,414,812	0	0	55,613,340	55,613,340	1,254,783	68,282,935	109,416,014	3.78%
2035	11,775,034	0	0	57,837,874	57,837,874	1,254,783	70,867,691	57,837,874	3.79%
2036	12,146,506	0	0	0	0	1,254,783	13,401,289	0	-81.09%

Notes: Recommended contributions are assumed to be paid on July 1.

Assumes contribution of budgeted amount for fiscal year 2019.

Item (2) reflects 2.75% growth in payroll, plus an additional 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.

Projected normal cost does not reflect the impact of pension reform for future hires.

Projected unfunded actuarial accrued liability reflects deferred investment gains.

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Essex Regional Retirement System FY20 Appropriation by Governmental Unit

Aggregate amount for appropriation for the Pension Fund:	\$35,904,369
Aggregate amount for appropriation for the Pension Reserve Fund:	\$0
Aggregate additional appropriation for the E.R.I.:	\$241,783

UNIT	PEN.FND. APP %	PENSION FUND APPROP.	PENSION RES. FUND APPROP.	ADD'L. APP. FOR E.R.I.	ADD'L. APP. FOR CRAB	TOTAL PAID JULY 1	APPROP SEMI-ANNUAL
Agricultural School	0.00%	0	0			0	0
Retirement Board	0.34%	122,075	0			122,075	124,302
Town of Boxford	3.73%	1,339,233	0			1,339,233	1,363,667
Town of Essex	1.74%	624,736	0			624,736	636,134
Town of Georgetown	4.88%	1,752,133	0	19,880		1,772,013	1,804,343
Town of Groveland	2.24%	804,258	0	8,305		812,563	827,388
Town of Hamilton	2.75%	987,370	0			987,370	1,005,384
Town of Ipswich	10.48%	3,762,778	0			3,762,778	3,831,428
Town of Lynnfield	7.82%	2,807,722	0	142,635		2,950,357	3,004,185
Town of Manchester	3.49%	1,253,062	0			1,253,062	1,275,924
Town of Merrimac	2.50%	897,609	0	7,183		904,792	921,300
Town of Middleton	5.07%	1,820,352	0			1,820,352	1,853,564
Town of Nahant	2.44%	876,067	0			876,067	892,050
Town of Newbury	2.11%	757,582	0			757,582	771,404
Town of North Andover	15.68%	5,629,804	0			5,629,804	5,732,518
Town of Rockport	5.02%	1,802,399	0			1,802,399	1,835,283
Town of Rowley	2.74%	983,780	0			983,780	1,001,729
Town of Salisbury	4.40%	1,579,792	0			1,579,792	1,608,615
Town of Topsfield	3.41%	1,224,339	0			1,224,339	1,246,677
Town of Wenham	2.12%	761,173	0			761,173	775,060
Town of West Newbury	1.97%	707,316	0			707,316	720,221
East Essex Vet. Dist.	0.09%	32,314	0			32,314	32,904
No. And.-Box. Vet. Dist.	0.00%	0	0			0	0
North Essex Vet. Dist.	0.00%	0	0			0	0
Byfield Water Dist.	0.07%	25,133	0			25,133	25,592
Lynnfield Ctr. Wat. Dist.	0.29%	104,123	0			104,123	106,023
Lynnfield Water Dist.	0.23%	82,580	0			82,580	84,087
NE Mass Mosq. Cont.	0.58%	208,245	0			208,245	212,044
Ham.-Wen. Reg. School	2.72%	976,599	0			976,599	994,417
Man.-Essex Reg. School	1.37%	491,890	0		19,124	511,014	520,337
Masconomet Reg. School	1.94%	696,545	0			696,545	709,253
Pentucket Reg. School	3.01%	1,080,722	0	6,130		1,086,852	1,106,681
Triton Reg. School	3.03%	1,087,902	0			1,087,902	1,107,750
Essex Housing Authority	0.04%	14,362	0			14,362	14,624
Georgetown Hous. Auth.	0.17%	61,037	0			61,037	62,151
Groveland Hous. Auth.	0.07%	25,133	0			25,133	25,592
Hamilton Hous. Auth.	0.05%	17,952	0			17,952	18,280
Ipswich Housing Auth.	0.34%	122,075	0			122,075	124,302
Lynnfield Hous. Auth.	0.08%	28,724	0			28,724	29,248
Manchester Hous. Auth.	0.08%	28,724	0			28,724	29,248
Merrimac Hous. Auth.	0.03%	10,771	0			10,771	10,968
Middleton Hous. Auth.	0.05%	17,952	0			17,952	18,280
Nahant Housing Auth.	0.03%	10,771	0	8,943		19,714	20,074
No. Andover Hous. Auth.	0.42%	150,798	0	13,304		164,102	167,096

In accordance with your funding schedule, appropriations are due July 1 and January 1. Whenever payments are made at a date one month or more before the scheduled date or whenever payments are made one month or more after the scheduled date, PERAC's actuary should be contacted so that a revised amount can be calculated. Payments will be adjusted with interest at the rate assumed in the actuarial valuation used as the basis for your schedule. In no case may payments be made at a date beyond this fiscal year.

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<u>UNIT</u>	<u>PEN.FND.</u> <u>APP %</u>	<u>PENSION FUND</u> <u>APPROP</u>	<u>PENSION RES.</u> <u>FUND APPROP.</u>	<u>ADD'L. APP.</u> <u>FOR E.R.I.</u>	<u>ADD'L. APP.</u> <u>FOR CRAB</u>	<u>TOTAL</u> <u>PAID JULY 1</u>	<u>APPROP</u> <u>SEMI-ANNUAL</u>
Rockport Hous.Auth.	0.14%	50,266	0			50,266	51,183
Rowley Hous. Auth.	0.04%	14,362	0		16,279	30,641	31,200
Salisbury Hous. Auth.	0.07%	25,133	0			25,133	25,592
Topsfield Hous.Auth.	0.05%	17,952	0			17,952	18,280
Wenham Housing Auth.	0.08%	28,724	0			28,724	29,248
W. Newbury Hous. Auth.	0.00%	0	0			0	0
TOTAL	100.00%	\$35,904,369	\$0	\$206,380	\$35,403	\$36,146,152	\$36,805,630

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